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Central Intelligence Agency

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DIRECTORATE OF INTELLIGENCE

14 December 1984

ISRAEL: Social Welfare Programs

Summary

A large number of Israel's social welfare programs are administered by the National Insurance Institute (NII), Israel's version of the Social Security Administration. The NII provides unemployment compensation, old-age pensions, survivors pensions for widows and orphans, worker injury insurance, and child allowances. In addition, the Ministry of Social Welfare provides financial assistance through 184 welfare bureaus operated by municipalities throughout the country. The Israeli Government finances more than half of all health care expenditures and relies heavily on the Ministry of Health to help administer public health programs. In the area of public education, fees for attending high school were abolished in the late 1970s, but the Cabinet, in November 1983, approved an \$80 annual fee for each child in public schools. [redacted]

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National Insurance Institute

A large number of Israel's social welfare programs are administered by the National Insurance Institute (NII), Israel's version of the Social Security Administration. The NII provides unemployment compensation, old-age pensions, survivors pensions for widows and orphans, worker injury insurance, and child allowances. Payments into the insurance system are compulsory

This memorandum was prepared [redacted] the Israel/Palestinian Branch, Arab-Israeli Division, Office of Near Eastern and South Asian Analysis. It was requested by Leonard Zuza, Office of Management and Budget. Information as of 14 December 1984 was used in its preparation. Questions and comments should be directed to Chief, Arab-Israeli Division [redacted]

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and are deducted from paychecks by employers. Employees pay 5 percent of their salaries, and employers must contribute roughly 20 percent. The self employed make payments directly to the NII. [REDACTED]

In order to qualify for unemployment compensation, in addition to registering at a labor exchange, an insured person must have paid NII contributions for at least 180 days out of the 360 prior to the period of unemployment. An insured person may also make a total of 270 days of contributions out of the 540 prior to unemployment. A new immigrant is required to have worked only 100 days out of the 360, and a soldier needs no qualifying period. If the insured person is unemployed because he quit work voluntarily, he cannot begin drawing unemployment compensation until 30 days after the date he left work. [REDACTED]

Unemployment compensation is based on the insured person's preunemployment base salary, which is the average salary during the 75 work days preceding unemployment. Compensation ranges from 80 percent of the worker's base salary when less than half the average national wage to 40 percent for a worker who earned 300 percent of the average wage. Unemployment benefits are limited to 138 days per year, unless the unemployed person is over 45 years of age or has at least three dependents, in which case the maximum period of compensation extends to 175 days. [REDACTED]

The basic old-age pension is minimal. The pension is between 20 percent and 30 percent of the average monthly wage. Those entitled to it are insured men at least 65 years old and women at least 60 years old who have stopped working and have a low income. At the age of 70 for men and 65 for women, all insured people, whatever their income, get a pension. Most private sector workers receive additional pension benefits from the Histadrut, and most public sector workers receive additional benefits from the government. The pensions are fully linked to the consumer price index. [REDACTED]

All insured workers receive a tax exempt allowance for every child. A family with three children receives allowances totaling 17 percent of the average monthly wage. A family of five children receives 37.7 percent of the average monthly wage, and one with nine children gets 82.1 percent. These allowances are adjusted whenever salaries are adjusted for inflation, which has been on a monthly basis recently. Maternity benefits include up to 75 percent of the wages of the working woman for the three months of leave she is required by law to take. Maternity insurance also provides a birth grant for hospital fees and a layette, providing the baby is born in a hospital. [REDACTED]

Worker injury insurance provides lump sum payments to those with a 25 percent or less disability and regular pensions for greater degrees of disability, regardless of other sources of income. For permanent disability, benefits are provided in the

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form of personal maintenance payments and a lump sum payment. For work-related deaths, the institute pays 60 percent to 100 percent of the disability pension, depending on family size. Injured workers are entitled to complete medical care as well as vocational rehabilitation. A disability of 75 percent or more sometimes entitles the victim to a portion of the cost of an automobile or apartment. Injuries incurred on the way to work qualify as work related.

Burial payments and survivors pensions for widows and orphans are paid for all persons insured for at least one year. Payments vary with the age of the widow and the number and ages of children she has to support. NII finances vocational training and provides grants during the training period to enable widows who did not formerly work to become self supporting. Monthly grants are made to orphans in secondary schools or vocational training programs. These various benefits for the families of soldiers killed or wounded are provided by the Ministry of Defense.

The NII sometimes helps support such programs as vacations for mothers of large families, mutual help programs for the elderly, central laundry service for elderly and large families, home services for the elderly, and home employment for widows and the disabled.

Health Care

The Israeli Government finances more than half of all health care expenditures. The Ministry of Health runs its own Public Health Service program of preventive and primary medical care in addition to its own hospitals. The government has 13 institutions or homes with 3,500 beds for the aged, which are open to all and where fees are adjusted to means. The government also extends financial aid to the various sick funds.

Education

Compulsory education is required through age 14. Although fees for attending high school were abolished during the first term of the Likud government in the late 1970s, the Cabinet, in November 1983, approved an \$80 annual fee for each child in public schools. In order to raise additional revenue, the Cabinet is currently discussing other means to force parents to shoulder a greater share of the cost of educating their children. The government makes grants to each of Israel's universities and subsidizes the tuition of some students on a sliding scale based on income.

Help for New Immigrants

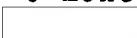
Immigrants receive lower income tax rates for the first three years of residence. The purchase tax on cars is 25 percent instead of roughly 200 percent, and immigrants have the right to

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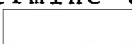


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import goods for personal use tax free during the first three years. They can get mortgages at favorable interest rates or rental subsidies. Immigrants have the right to live in immigrant hostels for 6 months and are entitled to vocational retraining programs. 

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Services Provided by the Municipalities

The Ministry of Social Welfare provides financial assistance through 184 welfare bureaus operated by the municipalities. These bureaus provide material assistance, such as mortgage payments, sick fund membership and funds to purchase household appliances, to those whose situations do not warrant monthly assistance. The maximum financial assistance is 40 percent of median per capita income. The most important single revenue source of the municipalities is grants from the central government. Because these grants are not earmarked, it is impossible to determine to what extent they are used to finance social services. 

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